




State of Wisconsin


LEGISLATIVE REFERENCE BUREAU


RESEARCH APPENDIX - **PLEASE DO NOT REMOVE FROM DRAFTING FILE**


Date Transfer Requested: 02/06/2014 (Per: TTK)

Compile Draft – Appendix C

Appendix A  The 2013 drafting file for LRB-3680

Appendix B  The 2013 drafting file for LRB-3682

Appendix C  The 2013 drafting file for LRB-3683

Appendix D  The 2013 drafting file for LRB-3684

has been copied/added to the drafting file for

2013 LRB-4217

2013 DRAFTING REQUEST

Bill

Received: **11/20/2013** Received By: **jkuesel**
Wanted: **Today** Same as LRB:
For: **Jill Billings (608) 266-5780** By/Representing: **Kathy Divine**
May Contact: Drafter: **jkreye**
Subject: **Ethics** Addl. Drafters:
Extra Copies:

Submit via email: **YES**
Requester's email: **Rep.Billings@legis.wisconsin.gov**
Carbon copy (CC) to: **joseph.kreye@legis.wisconsin.gov**

Pre Topic:

No specific pre topic given

Topic:

Contents of statements of economic interests

Instructions:

Per attached E mail, 11/12/13, # 4.

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	jkreye 12/2/2013			_____			
/P1	jkreye 1/21/2014	scalvin 12/10/2013	jfrantze 12/11/2013	_____	sbasford 12/11/2013		
/P2		scalvin 1/21/2014	jmurphy 1/21/2014	_____	lparisi 1/21/2014		

FE Sent For:

<END>

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/?	jkreye 12/2/2013						
/P1		scalvin 12/10/2013	jfrantze 12/11/2013		sbasford 12/11/2013		
FE Sent For:		/P2 sac 01/24/2014	/P2 sac 01/21/2014				

<END>

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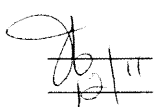
Topic:

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1/?	jkreye	1/PI sac 12/10/2013	1/PI sac 12/10/2013				

FE Sent For:

<END>

Kuesel, Jeffery

From: Divine, Kathy
Sent: Tuesday, November 12, 2013 11:27 AM
To: Kuesel, Jeffery
Subject: Drafting Request

Hi Jeff,

I have several bill draft requests for Rep. Billings, based on research/work we have done for the Constitution and Ethics committee. We would want these each to be drafted as separate bills—although #3 and #4 might be better to combine.

Some of these suggestions came from an unofficial 2002 document from the GAB. I've included this memo in case there are specifics or clarifications that might be useful to you in drafting.

If you have any questions, please let me know.

Thanks,

Kathy

1. Codify Requirements for Ethics Training for Legislators

Require a member of the Legislature to complete two hours of ethics training administered by GAB before the oath of office is administered to the member. (This was included in the sub for AB 225, but we would like to draft a separate bill).

2. Integration of Ethics Code and lobbying law

Source: GAB 2002 Suggestions

Reorganize Ethics Code and lobbying law into one statute consisting of the following parts:

- Definitions
- Reporting of financial interests by public officials
- Registration, licensing, and reporting by lobbyists and principals
- Standards of conduct for public officials, lobbyists, and principals
- Administrative matters.

3. Filing Statements of Economic Interests

Source: GAB 2002 Suggestions (Sec. D)

- Change filing date from April 30 to February 28.
- Require officials leaving state government to file within 21 days unless the official has filed a statement within 6 months.
- Require a filing within 21 days of nomination or appointment for the first time, and then annually on February 28. (Takes care of multiple filing issue; does not affect candidate filing dates).
- Redraft language concerning due date for candidates to require filing with nomination papers with an automatic 3 day grace period.

- Require listing of financial holdings, associated organizations, and creditors for entire year, not just on a specific date; filer should indicate interests still held as of filing date.
- Better define filing requirement for VTAE assistant, etc. directors.

4. Contents of Statements of Economic Interests

Source: GAB 2002 Suggestions

- **If** an official, or a member of an official's immediate family either (1) owns or controls 5% or more of a business, or (2) owns securities in a business valued at \$25,000 or more, or (3) is an employee of a business, **then** the official should identify the twenty entities from which the business receives the largest amounts of its income (of at least \$1,000), unless the business in which the official owns an interest or by which it is employed is a business whose securities are publicly traded.
- Eliminate requirement to identify savings accounts, money market funds, mutual funds, certificates of deposit, and the like.
- Require the identification of persons who owe an official \$5,000 or more (other than relatives).
- Require the identification of persons for whom an official is a guarantor of a loan over \$5,000 (other than relatives) and the lenders of such loans.

Apply Ethics Code's Standards of Conduct to Officers-Elect

Source: GAB 2002 Suggestions (#15)

The law currently applies to individuals elected to office only after they have assumed office. Apply the Ethics Code's standards of conduct to individuals upon their election to office.

Apply Lobbying Law's Standards of Conduct to Officers-Elect

Source: GAB 2002 Suggestions

The lobbying law currently applies to individuals elected to office only after they have assumed office. Apply the lobbying law's prohibited practices provisions to individuals upon their election to office.



58Recomendati...

Kathy Divine
Office of State Representative Jill Billings
Assembly District 95
State Capitol – 307W
608-266-5780
888-534-0095
kathy.divine@legis.wisconsin.gov



State of Wisconsin
2013 - 2014 LEGISLATURE



LRB-3683/P1

JK: /:....

SAC

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

in 12-2-13
D-N

PK

- 1 AN ACT ^{gen cat} relating to: the statement of economic interests for public officials and
2 employees.

Analysis by the Legislative Reference Bureau

This is a preliminary draft. An analysis will be provided in a subsequent version of this draft.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

- 3 SECTION 1. 19.42^x (12) of the statutes is amended to read:
4 19.42 (12) "Security" has the meaning given under s. 551.102 (28), except that
5 the term does not include a certificate of deposit, money market funds, mutual funds,
6 or a deposit in a savings and loan association, savings bank, credit union, or similar
7 association organized under the laws of any state.

History: 1973 c. 90; Stats. 1973 s. 11.02; 1973 c. 333; 1973 c. 334 ss. 33, 57; Stats. 1973 s. 19.42; 1977 c. 29, 223, 277; 1977 c. 447 ss. 35, 209; 1979 c. 34, 177, 221; 1981 c. 20, 269, 349, 391; 1983 a. 27; 1983 a. 81 s. 11; 1983 a. 83 s. 20; 1983 a. 166 ss. 1 to 4, 16; 1983 a. 484, 538; 1985 a. 26; 1985 a. 29 s. 3202 (46); 1985 a. 304; 1987 a. 72, 119; 1987 a. 312 s. 17; 1987 a. 340, 365, 399, 403; 1989 a. 71, 338; 1991 a. 39, 189, 221, 269; 1993 a. 16, 263, 399; 1995 a. 27, 56, 274; 1997 a. 27; 1997 a. 237 ss. 19m, 722q; 1997 a. 298; 1999 a. 42, 65; 2001 a. 16, 104, 109; 2003 a. 39; 2005 a. 335; 2007 a. 1, 20, 196; 2009 a. 28; 2011 a. 7, 10, 32, 229; 2013 a. 20.

- 8 SECTION 2. 19.44 (1) (cd) of the statutes is created to read:

1 19.44 (1) (cd) The identity of any person, other than a relative, who owes the
2 individual who is required to file \$5,000 or more.

3 **SECTION 3.** 19.44 (1) (ce) of the statutes is created to read:

4 19.44 (1) (ce) The identity of any person, other than a relative, for whom the
5 individual who is required to file guaranteed a loan in the amount of \$5,000 or more
6 and the identity of the creditor who made the loan.

7 **SECTION 4.** 19.44 (1) (fm) of the statutes is created to read:

8 19.44 (1) (fm) If the individual who is required to file, or a member of his or her
9 immediate family, severally or in the aggregate, owns or controls 5 percent or more
10 of a business, owns securities in the business and the securities are valued at \$25,000
11 or more, or is an employee of a business, the identity of the entities from which the
12 business received at least \$1,000 in income, unless the securities of the business are
13 publicly traded.

14 **SECTION 5. Initial applicability.**

15 (1) This act first applies to a state public official, nominee, or candidate for state
16 public office who becomes subject to a requirement to file an initial or updated
17 statement of economic interests on the effective date of this subsection.

18 (END)

Done

**DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU**

LRB-3683/P1dn

JK:/:....

82c

- *date* -

Representative Billings:

Please review this draft carefully to ensure that it is consistent with your intent. This draft is based on the email that Kathy Divine sent to Jeff Kuesel on November 12, 2013, and on the suggestions offered by the Government Accountability Board in 2002.

Under current law, a public official must report all securities valued at \$5,000 or more. For reporting purposes, securities do not include certificates of deposit or any deposit in a savings and loan association, savings bank, credit union, or similar association. The draft adds money market funds and mutual funds to the items that are not considered a security for reporting purposes.

The bill creates a reporting requirement for officials and members of their immediate family related to business ownership or employment by a business. First, that requirement may be overly broad because members of an official's immediate family are likely to be employed by a business, thereby triggering that reporting requirement for nearly everyone who is required to file a statement of economic interests. Technically, every one who is employed is employed by a business (although, in some cases, it is the business of operating a governmental unit). Second, an individual who is subject to this reporting requirement simply because he or she, or a relative, is an employee of the business, must report the sources of the income of the business. The individual, however, will not likely have that information and the business is not required to provide that information, assuming the business is privately held. Third, the instructions indicate that the disclosure of income sources should be limited to 20 entities. But what if the business receives at least \$1,000 from 30 entities? Would the individual required to file pick and chose which ones to report and which ones to not report?

Finally, please note that the reporting requirement mentioned above conflicts somewhat with the reporting requirement under current law for ownership interests in partnerships, limited liability companies, and tax-option corporations. Under s. 19.44 (1) (f), if the individual who is required to file, or a member of his or her immediate family, received \$10,000 or more in income from a partnership, limited liability company, or tax-option corporation in which the individual or family member has a 10 percent or greater interest, the individual must identify each payer from which the organization received \$10,000 or more of its income. Under this provision, the

individual has access to the information necessary to make the report because the individual or family member is the taxpayer liable for the taxes on such income rather than simply an employee of the organization.

Please contact me if you have any questions or concerns.

Joseph T. Kreye
Senior Legislative Attorney
Phone: (608) 266-2263
E-mail: joseph.kreye@legis.wisconsin.gov

**DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU**

LRB-3683/P1dn
JK:sac:jf

December 11, 2013

Representative Billings:

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Please contact me if you have any questions or concerns.

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Phone: (608) 266-2263
E-mail: joseph.kreye@legis.wisconsin.gov



State of Wisconsin
2013 - 2014 LEGISLATURE



LRB-3683/PA

JK:sac:ff

RMR

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

in 1-21-14

DN

gen cat

due Friday
1-24

1 AN ACT *to amend* 19.42 (12); and *to create* 19.44 (1) (cd), 19.44 (1) (ce) and 19.44
2 (1) (fm) of the statutes; **relating to:** the statement of economic interests for
3 public officials and employees.

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6 and the identity of the creditor who made the loan.

7 ⁺
SECTION 4. 19.44 (1) (fm) of the statutes is created to read:

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9 immediate family, severally or in the aggregate, owns or controls 5 percent or more
10 of a business, owns securities in the business and the securities are valued at \$25,000
11 or more, or is an employee of a business, the identity of the entities from which the
12 business received at least \$1,000 in income, unless the securities of the business are
13 publicly traded.

14 **SECTION 5. Initial applicability.**

15 (1) This act first applies to a state public official, nominee, or candidate for state
16 public office who becomes subject to a requirement to file an initial or updated
17 statement of economic interests on the effective date of this subsection.

18 (END)

D-N

**DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU**

LRB-3683/P2dn

JK:sac:ff

- date -

Representative Billings:

Please review this draft carefully to ensure that it is consistent with your intent.

Joseph T. Kreye
Senior Legislative Attorney
Phone: (608) 266-2263
E-mail: joseph.kreye@legis.wisconsin.gov

Kreye, Joseph

From: Divine, Kathy
Sent: Tuesday, January 21, 2014 10:08 AM
To: Kreye, Joseph
Subject: RE: Draft review: LRB -3683/P1 Topic: Contents of statements of economic interests

Our intent is to have it so they must report if they own 5% or more of a business.

Does that help?

From: Kreye, Joseph
Sent: Tuesday, January 21, 2014 10:06 AM
To: Divine, Kathy
Subject: RE: Draft review: LRB -3683/P1 Topic: Contents of statements of economic interests

Kathy,

If I remove the language as suggested in section 4, then there is nothing to report under that section. Do you just want a person to disclose the name of the business entity under that provision?

Joe

Joseph T. Kreye
Senior Legislative Attorney
Legislative Reference Bureau
608 266 2263

From: Divine, Kathy
Sent: Tuesday, January 21, 2014 9:48 AM
To: Kreye, Joseph
Subject: RE: Draft review: LRB -3683/P1 Topic: Contents of statements of economic interests

Joe,

After reviewing your thoughts on this draft, I would like to make the following changes.

Keep Section 1

Delete sections regarding reporting requirement for officials and members of their immediate family related to business ownership or employment by a business. As you said, this would be too broad.

Under section 4, we would like to keep it just to the 5% and not a dollar amount. Thusly, I believe you would delete starting section 4, line 10 (after business) through line 13.

Please let me know if you have questions.

Thanks,

Kathy

Kathy Divine
Office of State Representative Jill Billings
Assembly District 95
State Capitol – 307W
608-266-5780
888-534-0095
kathy.divine@legis.wisconsin.gov

From: LRB.Legal
Sent: Wednesday, December 11, 2013 10:15 AM
To: Rep.Billings
Subject: Draft review: LRB -3683/P1 Topic: Contents of statements of economic interests

Following is the PDF version of draft LRB -3683/P1 and drafter's note.

**DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU**

LRB-3683/P2dn
JK:sac:jm

January 21, 2014

Representative Billings:

Please review this draft carefully to ensure that it is consistent with your intent.

Joseph T. Kreye
Senior Legislative Attorney
Phone: (608) 266-2263
E-mail: joseph.kreye@legis.wisconsin.gov



State of Wisconsin
2013 - 2014 LEGISLATURE



LRB-3683/P2
JK:sac:jm

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

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(END)